



California Public Employees' Retirement System
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Agenda Item 6a

April 12, 2011

TO: MEMBERS OF THE BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

- I. SUBJECT:** Adoption of Regulation: Publicly Available Pay Schedule and Written Labor Policy or Agreement
- II. PROGRAM:** Retirement
- III. RECOMMENDATION:** Staff recommends that the Committee recommend that the Board adopt the proposed regulation and regulatory amendments to clarify and make specific the requirements for publicly available pay schedule and labor policy or agreement.

IV. BACKGROUND

At the December 14, 2010 Benefits and Program Administration Committee meeting, the Board approved, for publication and public comment, proposed regulations to amend Title 2, California Code of Regulations (CCR), Section 571, subdivision (b) and add proposed Section 570.5, to ensure consistency between CalPERS employers as well as enhance disclosure and transparency of public employee compensation by requiring that the payrate or item of special compensation be listed on a schedule or in a document that:

- Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws;
- Has been posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- Indicates the effective date and date of any revisions;
- Is retained by the employer and available for public inspection for not less than five years;
- Does not reference another document in lieu of disclosing the payrate or item of special compensation;

- For payrate, identifies the position title for every employee position, shows the payrate for each position, and identifies the time base;
- For special compensation, indicates the conditions for payment.

Public Comment Period

The 45-day written comment period for the proposed regulatory action began on February 4, 2011 and closed on March 21, 2011. See Attachment A for the Notice of Proposed Regulatory Action, the Proposed Changes to Member Contributions Regulations, and the Initial Statement of Reasons, as published by the Office of Administrative Law (OAL).

During the comment period CalPERS received five written comments, which were questions clarifying the scope and requirements of the regulations. In addition to the written comments, CalPERS received two comments via phone. One was a request for a copy of the proposed regulations and the other asked questions about requirements for compliance. None of the written comments requested or required changes be made to the regulations as written. Attachment B provides a summary of all written comments and questions received by CalPERS and responses to those items.

A request for a public hearing must have been received 15 days prior to the close of the comment period. No requests were received.

Next Steps

Should the Board adopt the proposed regulations, CalPERS will forward the final rulemaking file to OAL for review and approval. If OAL approves the proposed regulations, they will be forwarded to the Secretary of State for filing and publication in the CCR. The regulations will become effective 30 calendar days after filing with the Secretary of State.

V. STRATEGIC PLAN:

Implementation of these regulations is not a specific product of the Strategic or Annual plans but is part of the regular and ongoing workload of the Customer Account Services Division and other affected areas.

VI. RESULTS/COSTS:

CalPERS may achieve cost savings as a result of decreased litigation and administrative appeals related to these issues, as employers and members become more aware of the requirements for a publicly available pay schedule and/or labor policy or agreement.

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